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GENERAL

1. Egypt reportedly asking UK to withdraw from Suez and Sudan-- US Ambassador Caffery in Cairo has learned from British officials there that an Egyptian note, calling for an early British withdrawal from Suez and the Anglo-Egyptian Sudan, is en route to London for delivery to Foreign Secretary Bevin. According to the British, the note was moderately worded, largely because King Farouk insisted that the original draft be "toned down."

(CIA Comment: CIA believes that the Egyptian Government, which had been expected to reopen negotiations regarding its alliance with the UK, is probably asking for more than it expects to get, both for bargaining purposes and for home consumption. CIA further believes that

Anglo-Egyptian discussions will probably be both prolonged and involved.)

FAR EAST

2. INDOCHINA: Views on US aid for Indochina--US representative Griffin, in his summary report from Saigon on the possibilities of utilizing US funds for resisting Communism in Indochina, expresses the opinion that the wave of Communism in Indochina is predominantly nationalistic rather than economic, social, or ideological. Griffin believes that although the situation is not serious enough to warrant defeatism, it does justify effective application of US economic aid to strengthen the Bao Dai Government and to win non-Communist elements from among the followers of Ho Chi Minh. Griffin points out that the general French attitude caused his

State Dept. review completed

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T O P S E C R E T

mission concern regarding the possibility of "exercising even minimum US supervision" over an assistance program and suggests that Vietnam, Laos, and Cambodia should be direct recipients of any economic aid from the US. Griffin adds that a formula for distributing US aid to Indochina "must be found for taking advantage of French experience without appearing to consolidate French hegemony," and comments that, to be effective, US aid must be bold, quick, and generous.

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